

**Testimony, Senator Sherrod Brown  
International Trade Commission (ITC) Hearing  
Certain "Off-The-Road" Tires from China  
July 9, 2008, 9:30 a.m.**

Madame Chairwoman, Mr. Vice Chairman, fellow Commissioners, thank you for the opportunity to appear today on behalf of the U.S. tire industry and its workers to advocate an affirmative decision by the U.S. International Trade Commission (ITC) to provide relief from unfairly dumped and subsidized imports of certain off-the-road ("OTR") tires from China.

In both the subsidy and dumping cases in question today, I believe that the facts are compelling. Both the subsidies by the Chinese government and the dumping into our market of a range of OTR tires by Chinese producers, have undermined the long-term viability of the U.S. industry. I believe the logical conclusion is that material injury has occurred to the U.S. OTR tire industry.

One co-petitioner in this case, Titan International, has a major plant in Bryan, Ohio, where Titan produces construction and earthmoving tires from 25 inches in diameter and larger.

Most of this product line is facing dumped and subsidized product from China.

I am proud to report that the Bryan plant is a center of innovation for the U.S. tire industry. Last week, Titan announced that it will be producing a new product at

Bryan, the largest tire in the world – a new super-giant 63-inch steel-belted radial for mining. Each 63-inch tire is 13½ feet tall and weighs about 12,500 pounds. The first 12 sets of tires should be shipped to Canada's tar sand mines this month.

I have to be clear that this massive tire is not part of the trade case, but I always try to highlight Ohio manufacturing ingenuity. Clearly, Titan is an innovative company that will continue to be an OTR tire industry leader so long as it can compete fairly in the global marketplace.

The other co-petitioner, the United Steelworkers ("USW") has a great presence in Ohio. Since I was elected to Congress in 1992, I have worked very closely with the USW to assure a level playing field internationally for American worker and to develop with them a progressive, pro-trade, pro-export policy that is centered on enhancing opportunity and standard of living for America's families.

I am pleased to see so many Members of the USW in the audience today supporting this case, and salute USW advocacy of our nation's trade remedy laws.

I note for the record that the USW represents hundreds of Ohio OTR workers at both at Titan's Bryan plant and the Denman Tire plant in Leavittsburg.

It is great news that Denman Tire is so strongly supporting this case, along with Bridgestone Firestone and other U.S. producers. I applaud the companies in Ohio and elsewhere

that are supporting this case because they are committed to maintaining and enhancing their manufacturing presence in America.

(~~The~~) The principal reason that we are losing high-wage, high-skill manufacturing jobs is the illegal trade practices of our trading partners.

There should be no doubt that trade is vital to our nation's economic future. The debate is not about whether we should trade or not trade. It is about the rules we use to manage trade in a manner that preserves the economic, environmental, and social progress our nation has made and enables thriving commerce to the benefit of all trading partners.

Trade remedy laws are meant to protect U.S. business and American workers from the dumping and subsidies that create artificially low-priced imports. Unfairly subsidized imports skew prices and unjustly compete with similar domestic products.

Ohio manufacturers have seen this in steel, paper, bearings and everyday manufacturing. Every week, my office receives notice of a claim for Trade Adjustment Assistance (TAA) due to another manufacturing facility going out of business or moving offshore.

On my desk, I have a stack of auction notices from Ohio manufacturers going out of business.

As it relates to this case, American OTR tire producers have faced a double hit as Chinese exporters benefited from *both* government subsidies and products dumped at significantly below production costs.

Yesterday, the Department of Commerce announced its final affirmative determination that the Chinese government is unfairly subsidizing Chinese OTR tire producers, with subsidies of up to 14 percent.

The Commerce Department also issued its final determination that Chinese tire producers were also dumping tires with dumping margins up to a massive 210.48 percent.

Chinese government subsidies and the dumping practices of Chinese importers have left the U.S. industry in dire straits.

A surge of imports from China occurred between 2004 and 2007. They increased more than 80 percent, jumping from approximately 1.8 million to 3.2 million tires.

As subsidized and dumped imports increased, U.S. OTR producers lost market share – which declined from approximately 53 percent in 2004 to 46 percent in 2007.

As a result, domestic industry has experienced steady declines in capacity, exports, net sales, and of course, jobs.

The Commerce Department's earlier preliminary determinations made a difference. The 2007 and 2008 preliminary antidumping and countervailing duty orders helped level the playing field and immediately improved the situation for U.S. tire producers.

Once the Chinese OTR tire prices were effectively increased to offset the countervailable subsidies and dumping, the subject imports declined significantly. Tire imports almost immediately decreased by 18 percent and then declined 44 percent in the three months following Commerce's affirmation of the preliminary countervailing duty determination.

In the same three months, U.S. producers' production and work related to the OTR tires industry began to increase again. This has already started to create new USW and other high-wage jobs across the heartland America.

We now have direct evidence that the previous increases in imports of Chinese OTR tires were due primarily to the artificially low dumped and subsidized prices at which they were offered.

This is exactly how fair administration of our trade laws is supposed to work. The orders you are considering today are already restoring balance in the U.S. OTR tire market.

When Chinese tire producers ship tires to the U.S. and price them below what they charge in their home market and the Chinese government provides large subsidies to its

domestic industry, the United States government should impose orders on those OTR imports to redress the imbalance.

U.S. producers of OTR tires <sup>welcome</sup> ~~have no objection to~~ free and fair competition. American industry and its workers, when provided a level playing field, can and do compete with anyone.

U.S. trade remedy laws are indispensable tools which guarantee that level playing field and a fair opportunity for American workers to compete against unfair foreign trade practices.

Proper implementation of trade remedies is an essential step to keeping the production facilities and high-wage manufacturing jobs, so essential to economies in states like Ohio, securely on American soil.

I thank you for your careful consideration of these important off-the-road tire cases. I am confident that your careful analysis will determine that material injury has occurred to this important segment of the U.S. tire industry.

Your invaluable work at the U.S. International Trade Commission enforcing trade laws ensures all workers in my state and in our country have the opportunity to compete on a level playing field.

If a level playing field is restored in this industry, U.S. production of OTR tires can continue over the long term.

Absent relief, there is no question that the domestic industry will be threatened with increased harm by the import of dumped and subsidized OTR tires from China.

I urge you to affirm these orders. Thank you.